

8 May 2020

Subject: Ensuring that the MFF 2021-27 and EU 'recovery fund' are consistent with the European Green Deal

Dear President, Executive Vice-Presidents, and Commissioner,

We are writing to you in follow-up to our earlier [open letter](#) of 28 March, calling for a green and just recovery following the Covid-19 crisis. We have since seen your statements in which you confirm that the European Green Deal will be the 'motor of Europe's recovery' and we are encouraged by the many appeals for green recovery that have blossomed across Europe: By [19 EU governments](#), [Members of the European Parliament](#), the [Club of Rome](#), [scientists](#), [NGOs](#), [200 representatives from business and politics](#), [energy companies](#), and many more.

On 23 April 2020, the European Council has mandated the European Commission to make a proposal for an EU recovery fund. This is a major opportunity for the Commission to propose both more solidarity at EU level and consistency with the EU's strategic objectives (green and digital transition) and flagship European Green Deal. It also presents an opportunity to enhance the European Green Deal's impact beyond the EU, to support partner countries' recovery plans.

We understand that the Commission is currently developing a comprehensive proposal that would include three major elements: revamping the Multiannual Financial Framework (MFF) 2021-2027, significantly scaling up the InvestEU guarantee fund and increase funding for the Reform Support Programme, respectively creating a 'recovery fund'.

In this regard we urge the European Commission to ensure that such a proposal will both better contribute to the achievement of the European Green Deal's objectives and ensure that its green oath to 'do no harm' will be mainstreamed across the whole package. We hear with great concern that the suspension of the climate earmarking in the present Cohesion Policy could be prolonged two more years (2021-2022): this would be at odds with the European Green Deal at a moment when the economy will be beyond the short-term emergency phase.

We therefore wish to share with you the following recommendations for the upcoming proposal:

- The Commission should propose a higher, 50% climate and environment spending target for the MFF 2021-2027;
- The revamped InvestEU guarantee fund should have a 50% climate and environment spending target (similar to the current target for its sustainable infrastructure window);
- The 'frontloading' of investments in the Cohesion Policy should maintain the climate earmarking (Thematic objective 'shift towards a green, low-carbon economy');
- The 'do no harm' requirement should apply to the whole package and lead in particular to the exclusion of new projects of fossil fuel production, processing, transport, distribution, storage or combustion and to the exclusion of unsustainable farming practices as well as deforestation;
- The proposal should deliver ambitious levels of finance for external action, exceeding previous levels (Heading IV: Europe and the World and European Development Fund combined);
- The EU taxonomy is very relevant to improve climate and environmental spending, and should be applied for its target setting and tracking for programmes in the EU.

Concretely, you will find in annex to this letter the priority economic sectors we recommend. Complementarily, we are developing more granular recommendations on priority sectors and mechanisms to ensure enhanced sustainability at corporate level, using for example the EU taxonomy.

The above recommendations would ensure that the MFF 2021-27 and the EU recovery fund will help the EU economy to bounce forward not back and accelerate the transition towards a more resilient, sustainable and inclusive economy.

We would be pleased to discuss our recommendations with your advisors and thank you for your consideration.

Yours sincerely,

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Ester Asin, Director - WWF European Policy Office (WWF EPO)

Jeremy Wates, Secretary General - European Environmental Bureau (EEB)

Anelia Stefanova, Programme Director - CEE Bankwatch Network

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Genon K. Jensen, Executive Director - Health and Environment Alliance (HEAL)

William Todts, Executive Director - European Federation for Transport and Environment (T&E)

Jagoda Munic, Executive Director - Friends of the Earth Europe

Manfred Pils, Executive Director - Naturefriends International

Jorgo Riss, Director - Greenpeace European Unit

Annex. Priority sectors for the MFF 2021-27 and EU 'recovery fund'

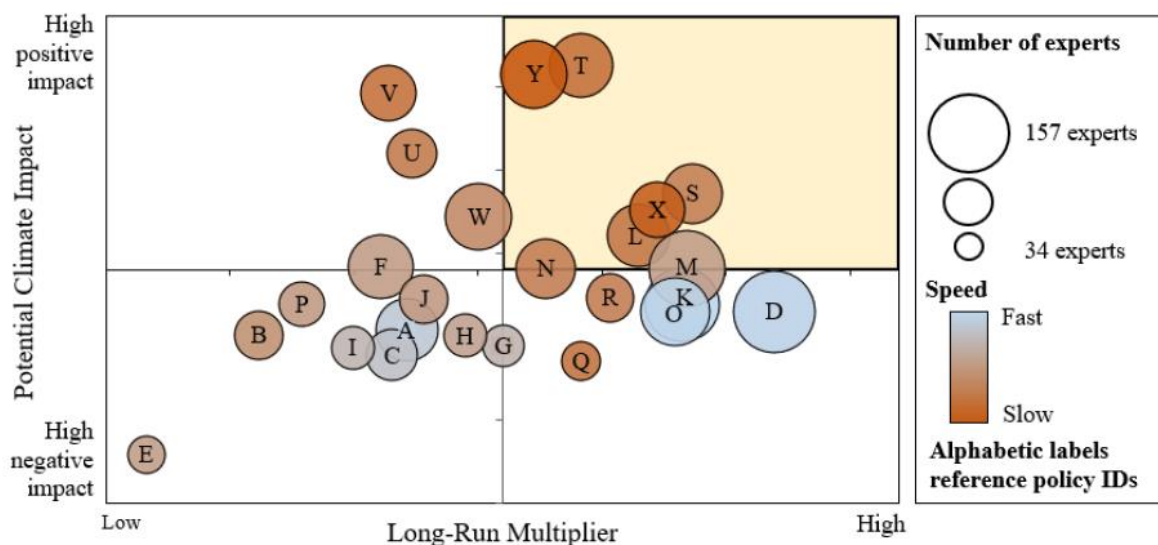
1. A need for sector prioritisation to maximise impact

Some sectors (or 'clusters') need to be prioritised in the European recovery as they provide multiple benefits of job creation, contribution to the EU climate and environmental goals and consistency with the European Green Deal, and social and cohesion added value. Such a section prioritisation will maximise the benefits of the recovery funds.

A team of internationally-recognised experts, led by the University of Oxford and including Nobel prize winner Stiglitz and climate economist Stern, recently published an authoritative study to assess the economic and climate impact of taking a green route out of the crisis. They concluded with the recommendation of five areas that are best-placed to contribute to achieving both economic and climate goals. These are:

- clean physical infrastructure investment,
- building efficiency retrofits,
- investment in education and training to address immediate unemployment from COVID-19 and structural unemployment from decarbonisation,
- natural capital investment for ecosystem resilience and regeneration,
- clean R&D investment.

The chart below summarises their analysis on 25 sectors with two dimensions (climate impact and long-run multiplier). It makes clear, in particular, that clean energy infrastructure and R&D investments are among the best 'win wins', while airline bailouts are among the worst options.



A	Temporary waiver of interest payments	N	Worker retraining
B	Assisted bankruptcy (super Chapter 11)	O	Targeted direct cash transfers or temporary wage increases
C	Liquidity support for large corporations	P	Rural support policies
D	Liquidity support for households, start-ups and SME's	Q	Traditional transport infrastructure investment
E	Airline bailouts	R	Project-based local infrastructure grants
F	Not for profits, education, research, health inst. bailouts	S	Connectivity infrastructure investment
G	Reduction in VAT and other goods and services taxes	T	Clean energy infrastructure investment
H	Income tax cuts	U	Buildings upgrades (energy efficiency)
I	Business tax deferrals	V	Green spaces and natural infrastructure investment
J	Business tax relief for strategic and structural adj.	W	Disaster preparedness, capacity building
K	Direct provision of basic needs	X	General R&D spending
L	Education investment	Y	Clean R&D spending
M	Healthcare investment		

Source: Oxford University, 4 May 2020, Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?, Oxford Smith School of Enterprise and the Environment Working Paper No. 20-02 ISSN 2732-4214 (Online)

2. Sector-specific recommendations for the EU 2021-2027

The table below lists priority sectors for an EU sustainable recovery. It is organised in three clusters: energy and energy efficiency; transport and clean mobility; agriculture and nature. Where available, we provide initial values for the EU contribution based on own or external research, modelling and calculations; more information on each figure is available upon request. The various approaches on investment needs per EU sector and uneven assumptions are a major challenge and we are developing in parallel a more detailed briefing in order to provide more analysis.

Sector	Sub-sector	EU programme (when applicable)	Indicative: current (2014-2020) € bn (when applicable)	Recommendation of EU contribution (2021-2027) € bn
Energy and Energy Efficiency Cluster				
	Renewable Energy (wind, solar, geo & RES integration)	ERDF, CF, CEF post-2020	4.6	20
	Energy Efficiency (public infrastructure; private housing; SMEs; large enterprises)	ERDF, CF	16.7	60
	Electricity infrastructure (transmission, distribution, storage, 'smart grids'; TEN-E and other)	ERDF, CF, CEF	5,5	16.5
	Research & innovation, technology transfer and cooperation in enterprises focusing on the low-carbon economy	ERDF, CF	1.8	5.4
	Urban Greening	InvestEU, ERDF		4
	Green Hydrogen / Ammonia and Synthetic Fuels for	CEF Energy, CEF Synergy Financing (Transport/Energy/Digital),		N/A

	Aviation and Shipping	Horizon Europe + Innovation Fund		
Sub-total EU 2021-2027: 105.9				
Transport and Clean Mobility Cluster				
Transport	EV Charging Infrastructure (cars)	CEF, ESIF, InvestEU, Horizon		30
	Support for zero-emission shared fleets (cars)	New Instrument		17.5
	EV manufacturing	InvestEU		N/A
	Batteries	New EU guarantee facility, Horizon		>5
	Public zero emission charging infrastructure (vans and trucks)	New Instrument, CEF, ESIF, InvestEU, Horizon		29
	EV purchase scheme (vans and trucks)	CEF Blending, InvestEU		4
	Cycling	CEF, ESIF, InvestEU, new instrument		20
	Urban Public transport	CEF, ESIF, InvestEU, Horizon		30
	EV purchase scheme city buses 2021 - 2022	New Instrument, CEF, InvestEU, ESIF		1
	Rail	CEF, ESIF, InvestEU		30
Sub-total EU 2021-2027: 166.5				
Agriculture and Nature Cluster				
Agriculture	(Rural Development)	EAFRD		
	Agri-Environment	EAFRD	16.5	33
	Organic farming	EAFRD	7	14
	Forest Conservation	EAFRD	0.2	2

	Natura 2000-Water Framework Directive	EAFRD	0.6	3
	Habitat restoration	EAFRD		2
Nature	Conservation/ Climate mitigation/Climate adaptation	LIFE	5.45	15
	Dam removal to restore river functionality	ESIF		1
	Large scale nature restoration of terrestrial habitats for biodiversity and climate	New Instrument, ESIF, InvestEU, CEF		45.6
Marine and Fisheries	Restoration of marine habitats for biodiversity and climate	EMFF, ESIF, Horizon		7
	Low impact and selective fishing, Sustainable aquaculture	EMFF		0.2
	Enhanced data collection and control	EMFF	0.52	1.75
	Ecosystem-based planning for use of marine space	EMFF	0.07	0.2
Sub-total EU 2021-2027: 124.8				
TOTAL 397.2				